

Exhibit 2



Skatteforvaltningen v Solo Capital Partners LLP & Others

Day 18MT

May 22, 2024

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Phone: 020 3008 6619

Email: transcripts@opus2.com

Website: <https://www.opus2.com>

1 frustrated not at the orchestration but at the manual
 2 processes and that I really wanted to automate things as
 3 quickly as possible.
 4 Q. I understand. But the reason you were frustrated at the
 5 manual processes is because they allowed for the
 6 possibility of things going wrong, yes?
 7 A. Yes, correct.
 8 Q. The problem about something going wrong is that
 9 a mistake could jeopardise, at least in part, the object
 10 of the exercise which was being conducted, which was to
 11 ensure settled zero trading, yes?
 12 A. Yes, correct.
 13 Q. In order to facilitate the making of a refund
 14 application on behalf of the buyer, correct?
 15 A. Yes, that's correct.
 16 Q. In a way which meant that no one had to bring in cash
 17 from outside and no one had to buy in shares from
 18 outside, correct?
 19 A. Yes. In fact I would say more than just needs to, but
 20 it was not — not just not needed but it was impossible
 21 to bring shares and cash from outside in the particular
 22 model that we had constructed. I have explained this in
 23 my PowerPoint, the last four slides which I mentioned in
 24 the morning. If it would help, then I would like to, as
 25 part of my evidence with you, just walk through these

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1 four slides at some point, if possible.
 2 Q. I don't think so at the moment, Mr Shah, let's see how
 3 we go. When you say it was impossible, that is because
 4 you had set up a system which simply didn't involve and
 5 allow for external shares or external cash to come in,
 6 correct?
 7 A. Yes. Well, yes, the way I would explain that is that
 8 any shares or cash that came in would have had to have
 9 been returned immediately, because every account was
 10 zero.
 11 Q. Yes.
 12 A. That meant that that cash — that any external cash or
 13 shares would have nowhere to go, so it would have to be
 14 returned the moment it came in.
 15 Q. Okay.
 16 A. And that's the definition of netting to zero. Netting
 17 to zero means zero cash or shares from outside. Given
 18 that that is the status of the model, any shares or cash
 19 coming from outside would be in excess of the model.
 20 Q. Very good.
 21 MR JUSTICE ANDREW BAKER: But, Mr Shah, if, through some
 22 human error in sending the trading messages that needed
 23 to be sent to set the various transactional elements up,
 24 if through some human error that was not corrected to
 25 get everything back in balance you ended up with

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1 transactions apparently on the books that did not net
 2 out to zero in the sense that we have been discussing,
 3 is it right that none of the participants involved would
 4 have been in a position to settle the trades, because
 5 nobody had anything like the cash or access to the
 6 shares that would have been required if it couldn't be,
 7 as it were, self-settling through the settlement loop?
 8 A. Yes. So if that happened then, as Solo had provided
 9 guarantees it would be down to Solo to fund that and the
 10 way Solo would fund that would be to go to its
 11 subcustodian, for example JP Morgan, and explain to them
 12 that it needed a credit line in order to borrow shares,
 13 for example, or cash, that would be used to settle the
 14 trades in the omnibus account.
 15 Why I say credit line is because any shares and cash
 16 would have remained within the borders of JP Morgan but
 17 in Solo's omnibus account at JP Morgan. So that is one
 18 scenario.
 19 The second scenario would have been that we would
 20 have had to cancel the incorrect trades which would have
 21 led to a loss of credibility. And regarding the credit
 22 line, it is also worth adding that, for example, if
 23 £100 million worth of credit line was needed and
 24 JP Morgan only gave us 10 million, then we would have to
 25 settle those trades £10 million at a time over a number

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1 of days.
 2 MR JUSTICE ANDREW BAKER: Am I right to understand — sorry,
 3 am I right to understand —
 4 A. It wasn't —
 5 MR JUSTICE ANDREW BAKER: Am I right to understand that when
 6 you referred a moment ago to Solo having provided
 7 guarantees —
 8 A. Yes.
 9 MR JUSTICE ANDREW BAKER: — if that kicked in at all, that
 10 would only kick in if the GSS team had communicated
 11 approval to clear trades when, because there was some
 12 human error had gone in, perhaps they shouldn't really
 13 have approved them in the first place.
 14 A. Exactly. The numbers in the guarantee emails would not
 15 balance and they wouldn't sum to zero.
 16 MR JUSTICE ANDREW BAKER: Because the primary — is it right
 17 that the primary intention, if there was an
 18 implementation error of this kind coming from outside
 19 Solo, ie coming in from one of the counterparties, which
 20 meant that there was a mismatch, the primary intention
 21 would be that Solo would then not approve or ensure that
 22 the error was corrected because it was only supposed to
 23 be approving when everything balanced out so it could be
 24 done on this "kill it or fill it" basis?
 25 A. Exactly, yes. So the clients who received the

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1 guarantees, they can hold Solo to those guarantees.
 2 MR JUSTICE ANDREW BAKER: Yes.
 3 A. And there would be an imbalance in the omnibus account.
 4 MR RABINOWITZ: Okay. Mr Shah, just sticking with the
 5 episode which led to you sharing your muppet picture
 6 with people, you personally became involved in trying to
 7 fix the problems caused by the trading that day,
 8 correct?
 9 A. Yes, correct.
 10 Q. Can we go, please, to {MTKC6/171/1}, thank you. If we
 11 can look first at the email in the lower part of the
 12 page, on the next day, that is Saturday 9 March, we see
 13 you send an email to Mr Patterson and Mr Nirav Patel
 14 about Friday and you say:
 15 "Can you both come up with a timeline for the CHR
 16 and COLOB trades which happened on Monday so we can work
 17 out the bottleneck. For instance, please include the
 18 times that we sent pricing, times orders were sent to
 19 brokers, times brokers responded, times tas entries were
 20 received and then times approved, times brokers sent
 21 bclear orders to Solo."
 22 It is clear from this, Mr Shah, that Solo was
 23 sending pricing information to the participants in the
 24 GSS trading; correct?
 25 A. Yes, yes. We have seen that in an earlier email.

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1 Q. Yes. And you were obviously well aware that that was
 2 happening, correct?
 3 A. Yes, correct.
 4 Q. Something had gone wrong on this particular occasion and
 5 you wanted to know where the misstep had occurred,
 6 correct?
 7 A. Yes. That's correct. And I would say that that was
 8 best practice at the time, to find the problem.
 9 Q. And also presumably because you might have been exposed
 10 to someone trying to blame you, not you personally but
 11 Solo, and you wanted to understand the extent to which
 12 that might be justified or whether the fault might have
 13 lay elsewhere, correct?
 14 A. Yes, that's correct.
 15 Q. And if you then look at the email at the top of the
 16 page, Mr Patterson responds to you the following day,
 17 saying he will:
 18 "... send you details of the events from Friday on
 19 Skype. Nirav is looking into the timings ... and will
 20 revert."
 21 If we can go next, please, to {MTKC6/187/1}, thank
 22 you. This is the email you sent to Mr Rajen Shah and
 23 Mr Dhorajiwala on 11 March 2013. The date is in
 24 American format. Can you just have a very quick glance
 25 at that yourself.

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1 A. (Pause). Okay.
 2 Q. So perhaps Mr Patterson has set out for you or you have
 3 set out a timeline of the events that occurred on
 4 8 March, which included next to each relevant time
 5 Mr Patterson's summary of what was happening at the
 6 time, correct?
 7 A. Yes. I think this follows on from the previous email
 8 where I think it was Nirav or one of the others said
 9 that they were going to send me a breakdown and the
 10 timeline. I think I then copied and pasted that and
 11 sent that to Raj and Anupe.
 12 Q. The first nine or so entries reflect Mr Patterson's
 13 coordination of the GSS trading. Just have a look at
 14 them and tell me if you agree?
 15 A. Yes.
 16 Q. And you can see there his dealings with the US Solo
 17 applicants, so the buyer. One can see the reference to
 18 "Danish orders sent to Adam LaRosa."
 19 At 15:14, correct?
 20 A. Yes.
 21 Q. And these also reflect Mr Patterson's coordination of
 22 the short sellers. You can see his reference to
 23 contacting Paul Oakley at 13:51. Do you see that?
 24 A. Yes.
 25 Q. And to sending Danish orders to Mr Oakley at 16:38. Do

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1 you see that?
 2 A. Yes, but from this I can't tell who is sending the
 3 orders. Maybe it was the broker that sent the orders.
 4 Q. Okay. And you see his reference to sending Danish
 5 orders to another of the short sellers, Rajeev — Rajeev
 6 Dave that is — at 15:47?
 7 A. Yes, but again, I can't see from this who sent the
 8 orders.
 9 Q. Mr Dave confirms that he replied to Novus at 15:57; do
 10 you see that?
 11 A. Yes.
 12 Q. Why would the broker send the Danish order to the
 13 seller, Mr Shah?
 14 A. Yes, that's normal. So the chain of the instructions
 15 are the pension plan first contacts the broker, Novus,
 16 to say that they want to buy a particular number of
 17 shares. That broker then contacts potential short
 18 sellers to — with almost a copy and paste email, saying
 19 they would like to buy a particular number of shares in
 20 the same Danish company and that's why a broker would
 21 send an order. So I think when they say "order", they
 22 are talking about a request for liquidity or a request
 23 to trade.
 24 Q. Okay.
 25 A. But the language used, "orders", that is not incorrect,

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